

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6549**

**BILL NUMBER:** SB 249

**NOTE PREPARED:** Feb 24, 2014

**BILL AMENDED:** Feb 24, 2014

**SUBJECT:** Property Tax Sales.

**FIRST AUTHOR:** Sen. Buck

**FIRST SPONSOR:** Rep. Vannatter

**BILL STATUS:** CR Adopted - 2<sup>nd</sup> House

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** (Amended) *Property Tax Penalty*: The bill specifies that a property tax penalty for property sold by a county executive through a certificate of sale procedure is to be removed from the tax duplicate if the penalty is associated with a delinquency that was not due until after the date of the original tax sale but is due before the issuance of the certificate of sale by the county executive.

*Standard Deduction Notation*: The bill requires a county auditor to place a notation on the tax duplicate when the county auditor determines that property is no longer eligible for a standard deduction and indicates that a bona fide purchaser of the property is not liable for taxes and penalties that accrue before the notation is made as a result of the removal of the deduction.

*Lease Defects*: The bill also indicates that certain defects in a lease recorded with the county recorder do not invalidate the effect of recording the lease.

**Effective Date:** July 1, 2014.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) *Lease Defects*: This provision should have no fiscal impact. Under current law, a conveyance, mortgage, or lease for more than three years must be recorded. Currently, in the case of a recorded mortgage, if the instrument has certain defects, then it is still valid. Under this provision, a lease with certain defects would also still be valid.

**Explanation of Local Revenues:** *Property Tax Penalty:* The bill could potentially decrease revenue from penalties on delinquent taxes in certain circumstances. The potential decrease is unknown.

The penalty on property tax delinquent more than 30 days is 5% of the delinquent amount. It may be 10% of the delinquent amount in certain circumstances.

(Revised) *Standard Deduction Notation:* This provision could result in slightly reduced property tax revenue for local civil taxing units and school corporations.

County auditors would have to place a notation on the tax duplicate when the property is no longer eligible for a standard deduction. Real property purchasers without knowledge of the homestead status change would not be liable for taxes and penalties that accrue before the notation is made.

**State Agencies Affected:**

**Local Agencies Affected:** County auditors.

**Information Sources:**

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